

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 2613

To amend the Internal Revenue Code of 1986 to deny certain tax benefits  
in the case of buildings constructed with Japanese services.

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IN THE HOUSE OF REPRESENTATIVES

JULY 1, 1993

Mr. STARK introduced the following bill; which was referred to the Committee  
on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to deny certain  
tax benefits in the case of buildings constructed with  
Japanese services.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. DEFERRAL OF DEPRECIATION DEDUCTION.**

4       Section 167 of the Internal Revenue Code of 1986  
5       (relating to depreciation) is amended by redesignating  
6       subsection (s) as subsection (t) and by inserting after sub-  
7       section (r) the following new subsection:

8       “(s) DEFERRAL OF DEPRECIATION FOR BUILDINGS  
9       CONSTRUCTED WITH JAPANESE SERVICES.—

1           “(1) IN GENERAL.—Notwithstanding any other  
2           provision of this title, the deduction for depreciation  
3           or amortization which would (but for this sub-  
4           section) be allowable for any taxable year with re-  
5           spect to any Japanese-constructed building shall not  
6           be allowable for such year but shall be allowable for  
7           the 10th taxable year thereafter.

8           “(2) JAPANESE-CONSTRUCTED BUILDING.—For  
9           purposes of this subsection, the term ‘Japanese-con-  
10          structed building’ means any building if 1 percent or  
11          more of the cost of such building (determined as of  
12          the completion of its construction) is attributable to  
13          services performed by Japanese persons.

14          “(3) JAPANESE PERSON.—For purposes of this  
15          subsection, the term ‘Japanese person’ means—

16                 “(A) any citizen or national of Japan,

17                 “(B) any corporation, partnership, or other  
18                 entity created or organized under the laws of  
19                 Japan or any subdivision thereof,

20                 “(C) any instrumentality of Japan or a  
21                 subdivision thereof, and

22                 “(D) any corporation, partnership, or  
23                 other entity owned or controlled (directly or in-  
24                 directly) by 1 or more persons or entities de-  
25                 scribed in subparagraph (A), (B), or (C)’’.

1 **SEC. 2. DEFERRAL OF LOSS DEDUCTION.**

2 Section 1231 of the Internal Revenue Code of 1986  
3 is amended by adding at the end thereof the following new  
4 subsection:

5 “(d) DEFERRAL OF RECOGNITION OF LOSS ON JAPA-  
6 NESE-CONSTRUCTED BUILDINGS.—Notwithstanding any  
7 other provision of this title, any loss which would (but for  
8 this subsection) be recognized for any taxable year with  
9 respect to any Japanese-constructed building (as defined  
10 in section 167(s)(2)) shall not be recognized for such year  
11 but shall be recognized for the 15th taxable year there-  
12 after”.

13 **SEC. 3. DENIAL OF USE OF TAX-EXEMPT BONDS.**

14 Section 149 of the Internal Revenue Code is amended  
15 by adding at the end thereof the following new subsection:

16 “(h) FACILITIES CONSTRUCTED WITH JAPANESE  
17 SERVICES.—

18 “(1) IN GENERAL.—Nothing in section 103(a)  
19 or any other provision of law shall be construed to  
20 provide an exemption from Federal income tax for  
21 interest on any bond issued as part of an issue 1  
22 percent or more of the proceeds of which are to be  
23 used to provide Japanese-constructed facilities.

24 “(2) JAPANESE-CONSTRUCTED FACILITY.—For  
25 purposes of this subsection, the term ‘Japanese-con-  
26 structed facility’ means any facility if 1 percent or

1 more of the cost of such facility (determined as of  
2 the completion of its construction) is attributable to  
3 services performed by Japanese persons (as defined  
4 in section 167(s)(3)''.

5 **SEC. 4. EFFECTIVE DATE.**

6 The amendments made by this Act shall apply to  
7 property the construction of which begins after December  
8 31, 1993.

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